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November 27, 1991

Mr. James Lieberman
Director
Office of Enforcement
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: In the Matter of Sequoyah Fuels Corporation
Carolyn L. Couch
License No.: SUB-1010
Response to EA 91-067

Dear Mr. Lieberman:

On October 3, 1991, the Nuclear Regulatory Commission issued the above-referenced Order Modifying License and Demand for Information containing several allegations adverse to my client, Carolyn L. Couch. The Order also specified that the license of Sequoyah Fuels Corporation be modified to prohibit Mrs. Couch from supervisorial or managerial involvement in NRC licensed activities for a specified period of time. The conclusion of the Order specifies that Mrs. Couch has the right, but no obligation to file a formal answer contesting the Order and also has the right to request a hearing to obtain an adjudication on the merits of the allegations.

By letter to you dated November 1, 1991, I notified you of my representation of Mrs. Couch and requested that I and my client be given an opportunity to more fully understand the foundation, if any, for the allegations against Mrs. Couch. I specifically asked for only an opportunity to review Mrs. Couch's prior interview notes and sworn testimony. The foundation for that request is predicated upon Mrs. Couch's good faith belief that she did not engage in willful misconduct, truthfully answered all questions asked of her by the NRC, and provided all information reasonably believed to be material in response to NRC requests. In that regard, I note that whatever information has been obtained by the NRC from Mrs. Couch, was obtained only through Mrs. Couch's voluntary cooperation with requests for information and requests for interviews from the NRC. In view of the voluntary nature of the information supplied by Mrs. Couch coupled with the fundamental

E-10

Snell & Wilmer

Mr. James Lieberman
November 27, 1991
Page 2

unfairness of requiring Mrs. Couch to evaluate her legal rights without access to the information allegedly existing against her, it seemed only appropriate that the NRC would provide her with copies of her prior interview notes and testimony.

For whatever reason, you and your staff have refused to provide Mrs. Couch with an opportunity to more fully understand the foundation for the NRC's allegations against her. Therefore, with nothing more than the allegations against her contained in the Order, Mrs. Couch must decide whether to formally place in issue such allegations through requesting a hearing.

Immediately after the filing of the NRC Order, Mrs. Couch was reassigned to a position reporting to the President of Sequoyah Fuels that did not involve management or supervisory responsibilities. Subsequently, she was designated as Business Planner. In that capacity, Mrs. Couch will not be involved in the performance of any NRC-regulated activities. This reassignment appears to render moot both Sections VI.A.1 and VI.A.2 of the NRC Order.

In determining whether to request a hearing, Mrs. Couch is well aware that during the course of the NRC's investigation there indeed existed a high state of confusion resulting in potential communication failures in both directions. Frequently, explanations were provided to specific questions only to subsequently realize that the issue being discussed had been misinterpreted. However, Mrs. Couch vehemently denies that she willfully violated NRC regulations or that she failed to provide accurate and complete answers to any specific requests for information to the best of her ability to do so.

Mrs. Couch, having been denied an opportunity to fully examine and respond to those allegations against her, has been placed in a position making it exceedingly difficult, if not impossible, to challenge the NRC Order against her and has elected not to formally request a hearing nor to formally protest that portion of the NRC Order prohibiting her from engaging in licensed activities. In order to avoid the unnecessary expenditure of time and other resources together with the frustration associated with

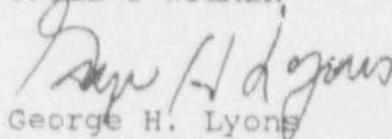
Snell & Wilmer

Mr. James Lieberman
November 27, 1991
Page 3

going through a formal hearing, Mrs. Couch will offer no contest to the NRC's Order and Demand for Information.

Respectfully submitted,

SNELL & WILMER



George H. Lyons
Counsel for Carolyn L. Couch

GHL:tlm

cc: Maurice Axelrad, Esq.
Newman & Holtzinger

Mr. Robert D. Martin
Regional Administrator
NRC Region IV

Stephen Lewis, Esq.
Office of Enforcement